P-Glossary

Customer Satisfaction Index

To monitor customer satisfaction and to take action to improve it, a number of different methods have been developed. The Customer Satisfaction Index (CSI) is one such method. Others are: 1) the Net Promoter score, a management tool that can be used to gauge the loyalty of a firm's customer relationships; 2) the Kano model, a theory of product development and customer satisfaction developed in the 1980's by Professor Noriaki Kano; 3) SERVQUAL or RATER, a service-quality framework incorporated into customer satisfaction surveys to indicate gaps between customer expectations and experience; and 4) the J.D. Power and Associates measure of customer satisfaction, known for its top-box approach and automotive industry rankings.

The American Customer Satisfaction Index (ACSI), developed by the University of Michigan in 1994, is a scientific standard of customer satisfaction. The ACSI was designed based on a Swedish model, as was the Pan European Customer Satisfaction Index. The ACSI is a partnership of three organizations: the University of Michigan, American Society for Quality (ASQ), and CFI Group.

Apart from 16 European countries that use the Pan European Satisfaction Index, seven other countries are using ACSI methodology under separate license agreements. Among APO member countries, the Republic of Korea and Singapore use ACSI methods. The National Customer Satisfaction Index of the Republic of Korea is administered by the KPC and has a history of more than 10 years.

Research has shown that the national CSI score is a strong predictor of GDP growth, and an even stronger predictor of personal consumption expenditure growth. At the microeconomic level, CSI data predict stock market performance, both for market indices and for individually traded companies. Increasing CSI scores have been shown to predict loyalty, word-of-mouth recommendations, and purchasing behavior. A high CSI is correlated with higher financial returns and with strong customer loyalty. A CSI also allows companies to understand their market positions and help identify areas for productivity improvement.